







**DEBT**

**COLLECTION**

**BUSINESS PLAN**



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**EXECUTIVE SUMMARY**

[Parker and Stanley Debt Collection Agency] will offer debt collection services to healthcare providers in [Chicago, Illinois]. The debt collection industry is expected to grow at [26]% over the next [3] years. The company aims to increase the total debt collection percentage to [90]% in order to also attract companies from the utility and telecommunications industries.

**COMPANY OVERVIEW**

**Mission Statement**

The mission of [Parker and Stanley Debt Collection Agency] is to provide exceptional service to creditors and become an essential part of their growing business.

**Philosophy**

[Parker and Stanley Debt Collection Agency] will always treat all clients with respect, honesty, and integrity. It will open a clear line of communication to maintain a healthy relationship with clients throughout the entire collection process.

**Vision**

[Parker and Stanley Debt Collection Agency] envisions itself as the top performing debt collection agency in [Chicago] through continuous improvement, making sure that it builds beneficial and lasting relationships with the clients.

**Outlook**

Debt collection services are continuously in demand because businesses opt to focus on their operations rather than spending their time and efforts in collecting debts. In the US alone, there are 4,100 debt collection agencies, employing nearly [450,000] people, and the industry expects to grow by as much as [26]% percent over the next three years.

**Type of Industry:** Debt Collection Industry

**Business Structure:** General Partnership

**Ownership:** General Partnership, Pamela Parker and Angela Stanley

**Start-Up Summary**

The start-up cost is [175K] USD, which is to be provided by the partners and to be used mainly for the working capital, rent, supplies, and payroll.

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| **Start-Up Funding** |
| Start-Up Expenses | $75,000 |
| Start-Up Assets | $100,000 |
| **Total Funding Required** | **$175,000** |
|  |
| **Assets** |  |
| Non-Cash Assets from Start-Up | $50,000 |
| Cash Requirements from Start-up | $30,000 |
| Additional Cash Raised | $0 |
| Cash Balance on Starting Date | $20,000 |
| **Total Assets** | **$100,000** |
|  |
| **Capital** |  |
| Planned Investment |  |
| Owner | $175,000 |
| Other | $0 |
| Additional Investment Requirement | $0 |
| **Total Planned Investment** | **$175,000** |
| Loss at Start-Up (Start-Up Expenses) | -$75,000 |
| **Total Capital** | **$100,000** |
| Liabilities | **$0** |
| **Total Capital and Liabilities** | $100,000 |
|  |
| **Start-Up** |
| Requirements |  |
| Start-Up Expenses | $5,000 |
| Rent - 1 year | $12,000 |
| Advertising | $1,200 |
| Legal Fees | $1,000 |
| Staff Training | $5,000 |
| Insurance | $2,400 |
| Other | $48,400 |
| **Total Start-Up Expenses** | **$75,000** |
|  |
| **Start-Up Assets** |  |
| Cash Required | $30,000 |
| Start-Up Inventory | $50,000 |
| Other Current Assets | $0 |
| Long-Term Assets | $20,000 |
| **Total Assets** | **$100,000** |
| **Total Requirements (Total Start-Up Expenses + Total Assets)** | **$175,000** |

**Management Team:**

|  |  |  |
| --- | --- | --- |
| **Management Team** | **Role/Function** | **Skills** |
| [Pamela Parker] | Administrative Manager | Communication, problem-solving, and time management |
| [Angela Stanley] | Operations Manager | Organizational, decision-making, and leadership |

**Short- and Long-Term Goals and Milestones:**

|  |  |
| --- | --- |
| **Short-Term Goals** | **Milestones** |
| Hire 2 customer service representatives and 3 field collectors | The operations manager has already hired employees for the positions last [February 1, 2019]. |
| Conduct training and seminars to employees on government regulations regarding debt collection | The administrative manager has set the schedule for the meeting with the trainer on [February 10, 2019]. |
| **Long-Term Goals** | **Milestones** |
| Establish a company website | The partners have contacted several IT companies on their respective rates for the development and maintenance of the website. |
| Increase the total debt collection percentage to [90]% | The partners have purchased Accurint, a skip tracing tool, to easily locate debtors. |

**SERVICES**

**Service Description**

[Parker and Stanley Debt Collection Agency] offers debt collection services for healthcare providers. Its services include the following:

* NSF check collection
* Regular account placement
* Charge off recoveries
* Receivables
* Skip tracing

**Value Proposition**

[Parker and Stanley Debt Collection Agency] understands the importance of a company’s cash flow. Uncollectible accounts limit the company’s resources and its ability to provide services. [Parker and Stanley Debt Collection Agency] acts as an extension of the client’s accounts receivable department and provides value to the company by offering a manageable process in debt collection and by using advanced technology to expedite the process.

**Pricing Strategy:**

[Parker and Stanley Debt Collection Agency] is charging a [20]% collection costs from the total collected debt. As such, when the company fails to collect the debt, the client will not have any liability to pay.

**EXECUTION**

**Marketing Plan**

[Parker and Stanley Debt Collection Agency] aims to expand its target market to include companies from the utilities and telecommunications industries. It wants to leverage on the use of skip tracing tools and increasing its debt collection percentage to effectively attract utility and telecommunications companies.

**Market Research**

The current trend in the debt collection industry shows that the industry expects to grow by as much as [26]% percent over the next three years. Most of the debts collected by the agencies originated from healthcare providers, utility, and telecommunications companies.



|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **SWOT Analysis** | **Strengths** | **Weaknesses** | **Opportunities** | **Threats** |
| Parker and Stanley Debt Collection Agency | The employees are well-trained and have a vast experience and knowledge in the job | Limited flexibility in pricing | Can establish relationships with different companies | Changing government regulations |
| Debt.ly | Collection costs are lower than its competitors | The employees are not well-trained in handling clients | Use of technology to easily trace debtors | The company has negative reviews on various social media accounts |
| Rocket Receivables, Inc. | The company has a high brand presence in the city | Prices are higher than its competitors | Expansion of business to other states | Increased number of competitors |

**Marketing Strategy**

[Parker and Stanley Debt Collection Agency] plans to provide training and seminars to its employees and use skip tracing tools in order to increase its debt collection percentage, which will then attract more clients.

The company also plans to establish its own website to effectively increase its online presence.

The company has kicked-off various activities to move the marketing strategy forward. Here are some of the updates:

|  |  |  |  |
| --- | --- | --- | --- |
| **Marketing Strategy** | **Activities** | **Timeline** | **Success Criteria** |
| Employee training and seminar | The administrative manager has set the schedule for the meeting with the trainer. | February 10, 2019 | The training and seminar will be conducted on [March 1, 2019]. |
| Use of skip tracing tools | The partners have purchased Accurint. | February 15, 2019 | Increase the total debt collection percentage to [90]% by the end of [2019]. |
| Website development | The partners have contacted several IT companies on their respective rates for the development and maintenance of the website. | February 28, 2019 | The website will be fully operational by the end of the 2nd quarter of [2019]. |

**Organizational Structure**

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**OPERATIONAL PLAN**

**Location and Facilities**

[Parker and Stanley Debt Collection Agency] is located in a commercial space building at [3419 John Calvin Drive, Chicago, Illinois].

**Tools and Equipment Checklist**

|  |  |
| --- | --- |
| **Software** | **Quantity** |
| Quickbooks | 1 |
| Accurint | 1 |
| **Hardware** | **Quantity** |
| Personal Computer | 5 |

**IT Infrastructure**

The following table reflects [Parker and Stanley Debt Collection Agency’S] IT infrastructure.

|  |  |  |
| --- | --- | --- |
| **Infrastructure** | **Existing (Y/N)** | **Description** |
| Social Media | N | The company has no social media accounts. |
| Website | N | The company has not yet established its website. |

**FINANCIAL PLAN**

**Assumptions**

The underlying assumptions used in the financial plan are the following:

* The revenue of Parker and Stanley Debt Collection Agency for the first year is $[600K].
* The revenue will increase by [10]% for the year [2020] and [15]% for the year [2021]

The financial forecast is based mainly on the current trends in the debt collection industry.

**Monthly Expense**

The chart shows the projected monthly expenses for [2019].

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**Monthly Revenue**

The chart depicts the projected monthly revenues for [2019].

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**Business Financing**

The funding for the business mainly comes from the investment of the partners worth $[175,000]. The major expenses will go to the working capital, rent, supplies, and payroll.

**Statements**

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| **Profit and Loss Projection** |
|  | **FY 2019** | **FY 2020** | **FY 2021** |
| Sales | $600,000.00 | $660,000.00 | $759,000.00 |
| Direct Cost of Sale | $20,000.00 | $30,000.00 | $40,000.00 |
| Other Cost of Sale | $5,000.00 | $10,000.00 | $15,000.00 |
| **Total Cost of Goods Sold or COGS (Sales - Direct Cost of Sale - Other Cost of Sale)** | $25,000.00 | $40,000.00 | $55,000.00 |
| **Gross Profit (Sales-Total Cost of Goods Sold)** | $575,000.00 | $620,000.00 | $704,000.00 |
| **Gross Margin % (Gross Profit/Sales)** | **95.83%** | **93.94%** | **92.75%** |
|  |  |  |  |
| **Operating Expenses** |  |  |  |
| Rent | $12,000.00 | $12,000.00 | $12,000.00 |
| Insurance | $2,400.00 | $2,400.00 | $2,400.00 |
| Utilities | $10,000.00 | $10,000.00 | $10,000.00 |
| Salary (Including Tax) | $250,000.00 | $300,000.00 | $375,000.00 |
| Maintenance & Supplies | $10,000.00 | $15,000.00 | $17,500.00 |
| **Total Operating Expenses** | **$284,400.00** | **$339,400.00** | **$416,900.00** |
|  |  |  |  |
| EBITDA (Total Cost of Sale-Total Operating Expenses) | $290,600.00 | $280,600.00 | $287,100.00 |
| Depreciation | $4,000.00 | $4,000.00 | $4,000.00 |
| Interest Expense | $10,000.00 | $15,000.00 | $20,000.00 |
| Taxes Paid | $29,060.00 | $28,060.00 | $28,710.00 |
| **Net Profit (Gross Profit - Operating Expenses - Taxes - Interest)** | **$251,540.00** | **$237,540.00** | **$238,390.00** |

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| **Balance Sheet Projection** |
|  | **FY 2019** | **FY 2020** | **FY 2021** |
| Cash | $543,600.00 | $581,600.00 | $626,100.00 |
| Accounts Receivable | $50,000.00 | $80,000.00 | $100,000.00 |
| Inventory | $1,000.00 | $2,000.00 | $3,000.00 |
| Other Current Assets | $3,000.00 | $5,000.00 | $8,000.00 |
| **Total Current Assets** | **$597,600.00** | **$668,600.00** | **$737,100.00** |
|  |  |  |  |
| Long-Term Assets | $30,000.00 | $45,000.00 | $60,000.00 |
| Accumulated Depreciation | $5,000.00 | $10,000.00 | $15,000.00 |
| **Total Long-Term Assets (Long-Term Assets-Accumulated Depreciation)** | $25,000.00 | $35,000.00 | $45,000.00 |
| **Total Assets (Total Current Assets + Total Long-Term Assets)** | **$622,600.00** | **$703,600.00** | **$782,100.00** |
|  |  |  |  |
| Accounts Payable | $80,000.00 | $125,000.00 | $128,000.00 |
| Notes Payable | $20,000.00 | $9,000.00 | $9,850.00 |
| Other | $3,600.00 | $7,000.00 | $7,000.00 |
| **Total Liabilities** | **$103,600.00** | **$141,000.00** | **$144,850.00** |
|  |  |  |  |
| Paid-in Capital | $69,000.00 | $67,600.00 | $68,000.00 |
| Retained Earnings | $450,000.00 | $495,000.00 | $569,250.00 |
| **Total Owner's Equity (Total Assets - Total Liabilities)** | **$519,000.00** | **$562,600.00** | **$637,250.00** |
| **Total Liabilities & Equity (Total Liabilities/Total Owner's Equity)** | **19.96%** | **25.06%** | **22.73%** |

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| --- |
| **Cash Flow Projection** |
|  | **FY 2019** | **FY 2020** | **FY 2021** |
| Operating Cash Beginning | $175,000.00 | $175,000.00 | $175,000.00 |
| **Sources of Cash** |  |  |  |
| Receivables | $50,000.00 | $80,000.00 | $100,000.00 |
| Sales | $600,000.00 | $660,000.00 | $759,000.00 |
| Others | $3,000.00 | $6,000.00 | $9,000.00 |
| **Total Cash** | $828,000.00 | $921,000.00 | $1,043,000.00 |
|  |  |  |  |
| **Expenditures** |  |  |  |
| Rent | $12,000.00 | $12,000.00 | $12,000.00 |
| Insurance | $2,400.00 | $2,400.00 | $2,400.00 |
| Utilities | $10,000.00 | $10,000.00 | $10,000.00 |
| Salary (Including Tax) | $250,000.00 | $300,000.00 | $375,000.00 |
| Maintenance & Supplies | $10,000.00 | $15,000.00 | $17,500.00 |
| **Total Expenditures** | $284,400.00 | $339,400.00 | $416,900.00 |
| **Net Income/Loss (Total Cash - Total Expenditures)** | **$543,600.00** | **$581,600.00** | **$626,100.00** |